

South Staffordshire Water PLC

Board Approval of End User Charges for 2025-26

Assurance Statement

In approving the charges for 2025-26, the Directors confirm that they comply with the following provisions. This statement also sets out how the Board has assured itself of each provision.

1. The Company complies with its legal obligations (including competition law) relating to the charges set out in its charges schemes.

The water industry is subject to UK and EU competition law. The Company confirms that it complies with the charging rules as set out by Ofwat and its Instrument of Appointment so that no undue preference or discrimination has been shown to any class of customer.

The Company has applied clear principles in setting wholesale tariffs such that customers pay the same amount for the same service, resulting in household and non-household tariffs being the same, except for any larger user discount that could be justified, measured and unmeasured differentials represented by additional metering costs, and the historic differential between South Staffs and Cambridge regions being broadly maintained.

In addition, the Company believes that the metered fixed charge should only be based on the cost of the meter (including installation) with all other wholesale activities being charged based on the volume of water used.

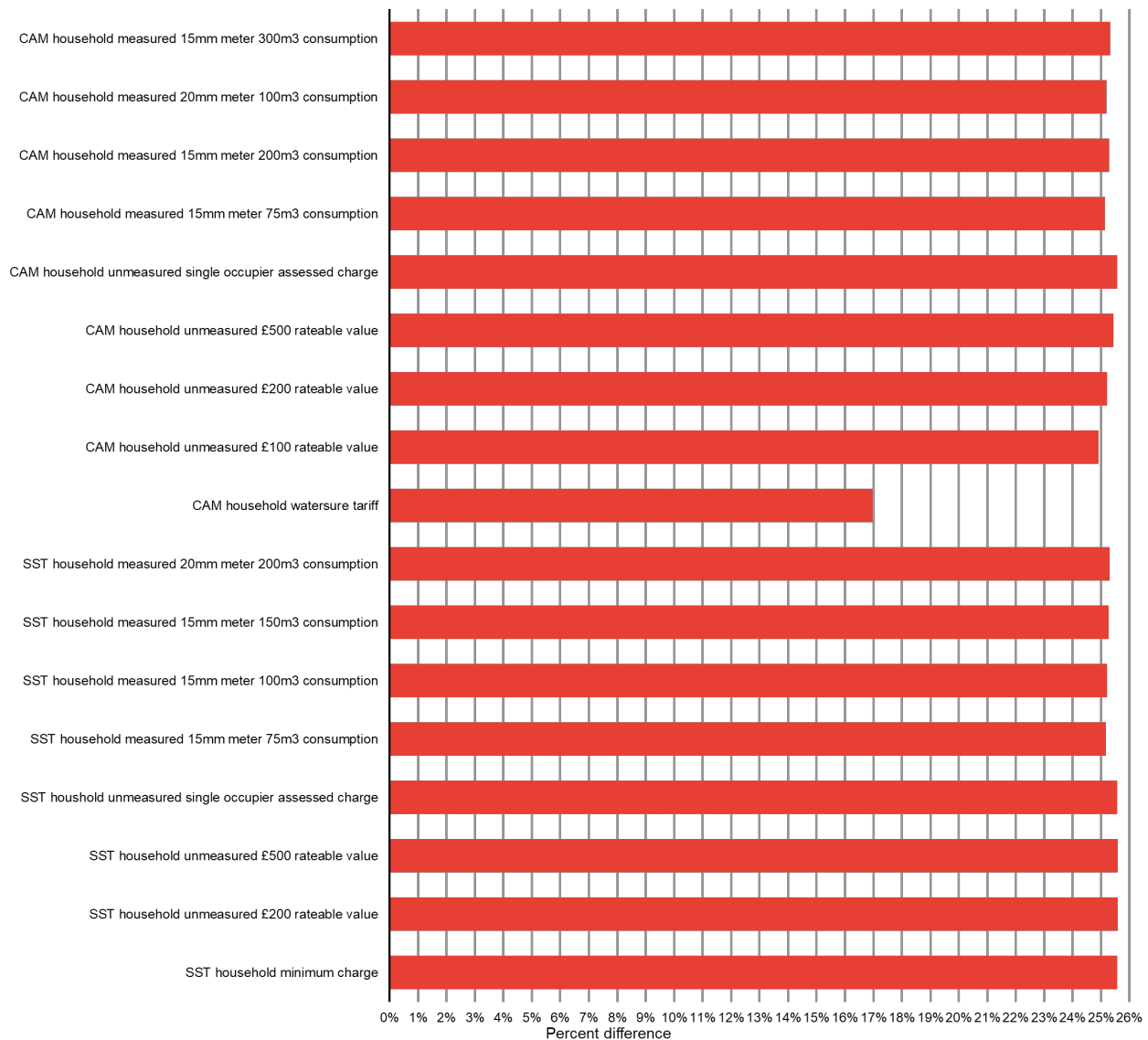
Retail tariffs have been set to ensure that they are fully cost reflective of the activities undertaken.

2. The Board has assessed the effects the new charges have on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%.

Most customers will experience a bill increase of around 25.6%, although individual customers may experience a higher or lower increase depending on their own characteristics.

A sample of 17 different residential customers on different tariffs has been chosen to demonstrate this and the results are set out graphically below:

Incidence effects on selected customers - Total bill



Although we will continue to have one of the lowest average water bills in the industry, we recognise that this is a significant increase for customers and will be particularly challenging for those customers who are struggling to pay.

As part of our handing strategies, we have put in place a number of support measures to help customers with their bills. These are:

- In anticipation of a likely significant increase in bills in 2025, we expanded our 'Assure' tariff last year to help an additional 8,000 customers who are struggling to pay through reducing their bill by a typical 40%. This is funded by an increase in contribution to our social tariff fund from £5 to £8.
- During 2025/26 we will be undertaking a trial of our 'essential user' tariff. This is specifically targeted at those customers who do not qualify for the 'Assure' tariff but are still struggling to pay. They will receive a 40% discount on their essential water use and will be encouraged to bring down their discretionary use to help

save money.

- For customers who use significant amounts of water because of a medical condition or a large family, we have a specific 'Watersure' tariff which caps the bill at the typical average bill of all customers, both metered and charged on the rateable value of their property. For 25-26, we have committed to cap this at the typical average bill of metered customers, which is lower. This will save these customers around £10 a year.
- In advance of bills being sent for 2025/26 charging year, we are putting together an email campaign and wider communication campaign via social media that will set out the options for customers struggling to pay. The email campaign will take a segmented approach and target vulnerable customers and those with low affordability and tailor the messaging to suit. In addition, we will be delivering a series of roadshows focused specifically in our debt hotspots to provide support for our customers.
- We have also redesigned our bill inserts for all customers to:
 - Explain why bills are increasing, where funds are spent and how.
 - Include support messages in place linking to social tariff and payment options.

Overall, the Board has assessed the effects the new charges have on customers' bills and approves the impact assessments and handling strategies developed.

3. The Company has appropriate systems and processes in place to make sure that the data and information contained in the charges scheme, and additional information is accurate.

Internally the majority of information is sourced from either the PR24 Final Determination, PR24 Business Plan or established reports from the Company's billing systems.

The staff involved at both Echo and South Staffs Water have been with the Company for a number of years and are familiar with the processes and information sources. In addition, although external assurance is not required, the Group's internal audit function has been used to give additional assurance on the data used.

Finally, the Company has continued to use a tariffs model developed by a third party to aid the setting of compliant charges.

4. The Company has consulted CCWater in a timely and effective manner on their charges schemes.

The Company has consulted with CCWater throughout the setting of charges and we shared a draft of our likely charge increases to customers in early October.

CCWater have also reviewed the Company's draft charges schemes and any comments and changes have been incorporated into the final published version.

Approved by the Board of Directors on the 7 January 2025 and signed on its behalf.



Charley Maher
Director
South Staffordshire Water PLC